bar silver and selling it at a favorable moment for gold. The banks agreed to exchange gold and silver coins at par, and during the year 1900 exchange on London advanced gradually to 24$-! pence and closed at 24! pence.[1] The sole, although containing twenty-five grams of silver, nine-tenths fine, like the French 5-franc piece, was rated under the new system at only about half its original gold value, or at the ratio to gold of about 31 to i. This led to some difficulties when silver bullion rose in 1906 to 33 pence per ounce. At this rate, even with allowance for the usual costs of export, there was a profit of about four and a half per cent, in exporting the silver coins.

The silver coins began to disappear and for a few days in the commercial centres were parted with only at a premium. The banks discouraged such discrimination by paying out silver freely and the government adopted several transitory measures as a prelude to more serious ones if the rise in silver should not be checked. The export of silver coins was prohibited, their melting into bullion was forbidden, and provision was made for a gold coin of one-fifth of a libra. The reduction of the weight and fineness of the sole was under consideration, but was rendered unnecessary by the reaction in the price of silver bullion which soon set in.[2] The shrinkage in the silver circulation was compensated by a special coinage of 1,500,000 soles ($750,000). Gold is brought regularly to the mint for coinage, and exchange rates on Europe and the United States move within narrow limits, determined by the demand and supply of bills.[3]

The Banks of the Northern States.

Banking in Venezuela is governed by the law of May 7, 1895, which permits the creation of banks of issue under fixed conditions. The notes are not legal tender and can be issued to the amount of no more than fifty per cent, of the

[1] Report of the Director of the Mint, foojr, 344.
[2] Ibid., 1906, 239.
[8] Ibid., /po/, 256.